



Department of Veterans Affairs

Financial Policy

Volume V

Assets

Chapter 14

Heritage Assets and Stewardship Land

Approved:

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1401 Overview

This chapter establishes the Department of Veterans Affairs' (VA) financial policies regarding accounting for Heritage Assets and Stewardship Land to include recognition, measurement and presentation and disclosure in VA's consolidated financial statements.

Key points covered in this chapter:

- Heritage Assets consist of items that would normally be considered Property, Plant, and Equipment (PP&E) but are unique for one or more reasons;
- Multi-use heritage assets (MUHA) are heritage assets predominantly used in general Government operations;
- Stewardship Land (e.g., forests and parks) is land and land rights owned by the Federal Government, but not acquired for or in connection with items of general PP&E; and
- VA will recognize, record, report, and disclose heritage assets and stewardship land in accordance with:
 - Office of Management and Budget (OMB) Circular A-136 Financial Reporting Requirements,
 - Treasury Financial Manual (TFM), Volume 1, Part 2, Chapter 4700, Agency Reporting Requirements for the Financial Report of the United States Government, and
 - Statement of Federal Financial Accounting Standards (SFFAS):
6, Accounting for Property, Plant, and Equipment,
29, Heritage Assets and Stewardship Land,
59, Accounting and Reporting of Government Land, and
Technical Release (TR) 9, Implementation Guide for SFFAS 29.

1402 Revisions

Section	Revision	Office	Reason for Change	Effective Date
Various	Titles of reference documents are listed only once in text and again in section 1406; grammar edited	OFP (047G)	Remove unnecessary duplication and comply with style guide changes	August 2022
1402 Revisions	Moved prior update items to App. A	OFP (047G)	Prior detail is less helpful to readers	August 2022

Section	Revision	Office	Reason for Change	Effective Date
1403 Definitions	Definitions are added for disclosure and classification categories for heritage assets.	OFP (047G)	Full review; moving detail from policy to definitions	August 2022
1404 Roles and Responsibilities	Add CFM responsibility for History Office heritage asset reporting	OFP (047G)	New sub-office and assignment under CFM	August 2022
1405 Policies	Removed parentheses and “for more information” from references and several SFFAS references.	OFP (047G)	Simplify presentation	August 2022
140503E Presentation and Disclosure	Added reference to balance sheet note disclosure items from SFFAS 29 and 59	OFP (047G)	Clarity	August 2022
1406 Authorities and References	Removed references to SFFAC 6 and SFFAS 8,14,32, & 57; added SFFAS 59.	OFP (047G)	Text update and coverage changes	August 2022
Appendix B	Update CAI data call memorandum	OAEM (044)	Full update	August 2022

Previous revisions can be found in Appendix A.

1403 Definitions

Assets – Tangible or intangible items owned by the Federal government, which would have probable future economic benefits that can be obtained or controlled by a Federal Government entity.

Book Value – The net amount at which an asset or group of assets is carried on the books of record (also referred to as carrying value or amount). It equals the gross amount of any asset minus any allowance or valuation adjustment amount.

Budget Object Class Code (BOC) – Category in a classification system that presents an obligation by the purpose of the item(s) or service(s) purchased by the Federal Government. While the Office of Management and Budget establishes the standard

codes, titles, and definitions of the object class, VA has further defined extensions for capturing additional detail to support internal information needs.

Capital Asset Inventory (CAI) System – The database of record for VA’s real property portfolio, including VA’s owned and leased assets, managed by the Office of Asset Enterprise Management (OAEM). The CAI database also houses the Facility Condition Assessment (FCA) data, agreement information, and historical asset information for the portfolio.

Capitalize – To record an expenditure or contribution, which will benefit a future period as an asset, rather than to treat the expenditure as an expense of the period in which it occurs.

Classification Categories for Heritage Assets:

- **Art and Artifact Collections** – Objects gathered and maintained for exhibition, for example, museum collections, art collections, and library collections. Includes artwork (refer to VA Directive 7531, Acquisition of Artwork, Decorative Furnishings and Decorative Items), archives, historic medical equipment, artifacts, documents, medals and awards, furniture, archaeological materials and photographs. Historical documents in any medium including paper, film and electronic media;
- **Buildings /Structures** – Includes historic hospitals, quarters, lodges, and chapels; buildings/structures with incidental use in general Government operations (< 50% utilization); generally listed in the National Register of Historic Places (NRHP) system; expectation for indefinite preservation due to unique characteristics or historic significance differentiates heritage asset properties from other property;
- **Monuments** – A statue, building, or other structure erected to commemorate a famous or notable person or event; may also be known as: memorial, statue, pillar, column, obelisk, cross, cenotaph, tomb, mausoleum or shrine;
- **Historic Flag Poles** – A pole with historical, cultural, artistic or architectural significance that was once used for exhibiting a flag of historic significance;
- **Other Nonstructural Items** – Includes rostrums, gates, and historic walls – if the heritage asset does not fall into any of the other categories, then it should be classified as "Other Non-Structure Item";
- **Archaeological Sites** – Generally listed in the NRHP system;
- **Multi-Use Buildings/Structures** – Predominately used for Government operations (>= 50% utilization); see MUHA definition; and
- **Cemeteries** –Cemetery heritage assets include the stones, plaques and monuments identifying the names, service and service units of Veterans and their dependents. See VA Directive 7545, Cultural Resource Management, for related information.

Cost – An amount or value expended for goods or services produced or received.

Deferred Maintenance – Maintenance not performed when it should have been or was scheduled to be and that, therefore, has been put off, or delayed to a future period.

Devise – To transmit or gift real property by will.

Direct Cost – Costs directly associated with providing goods or services.

Disclosure – Refers to reporting information in notes regarded as an integral part of the basic financial statements.

Donation – A contribution to the Government (i.e., gifting of a resource to a Government entity by a non-Government entity).

Expense – Outflows or other use of assets and/or incurrence of liabilities (or a combination of both), in which the benefits do not extend beyond the present accounting period.

General Property, Plant, and Equipment (PP&E) – Tangible assets which have an estimated useful life of two or more years; are not intended for sale in the ordinary course of operations and are intended to be used or available for use by the entity. PP&E includes land and land rights owned by the Federal Government acquired for or in connection with items of PP&E.

Heritage Assets – items that would normally be classified as PP&E except that they are unique for one or more of the following reasons: historical or natural significance; cultural, educational or artistic importance or significant architectural characteristics. Heritage assets consist of collection type heritage assets, such as objects gathered and maintained for exhibition, and non-collection-type heritage assets, such as parks, memorials, monuments and buildings. Heritage assets are generally expected to be preserved indefinitely. This term is specific to federal accounting.

Historic Property – Any historic district, site, building, structure, or object included in, or eligible for inclusion in, the National Register of Historic Places maintained by the Secretary of the Interior. This term includes artifacts, records, and remains that are related to and are or were located within such properties. The term includes properties of traditional religious and cultural importance to an Indian tribe or Native Hawaiian organization and that meet the National Register criteria.

Indirect Cost – Costs not directly associated with providing goods or services. These costs are allocated through the indirect cost allocation process. For example, some costs, such as building maintenance or administrative expenses, are more difficult to assign to a specific product and therefore are considered indirect costs.

Multi-Use Heritage Assets (MUHA) – Heritage Assets that serve two purposes—a heritage function and general government operations. In cases where a heritage asset serves two purposes, the heritage asset should be considered a MUHA if the predominant use of the asset is in general government operations (e.g., the main Treasury building used as an office building). Heritage assets having an incidental use in government operations are not MUHA and are simply referred to as heritage assets.

Non-Exchange Revenue – Revenue that is not earned but received in donation or due to legislation or regulation such as, taxes, duties, fines, and penalties. Donations may be financial resources, such as cash or securities, or nonfinancial resources such as land or buildings.

Overhead Cost – Costs are generally associated with utilities, building maintenance, and supplies essential to the overall accomplishment of a project. Overhead costs will be expensed or capitalized, depending on their materiality to overall costs of individual projects. When overhead costs are determined to be material to a project and are distributed to the costs of a project, the costs will be allocated based on a distribution methodology that is both documented and auditable.

Recognize – The recording of financial transactions in the financial records of an entity.

Stewardship Land – Land and land rights owned by the Federal Government intended to be held indefinitely, but not acquired for or in connection with items of general PP&E. Examples of stewardship land include land used as forests and parks, land used for wildlife and grazing and land preserving historic landmarks.

Stewardship PP&E – Consists of assets whose physical properties resemble those of general PP&E traditionally capitalized in financial statements, but because of unique characteristics of Stewardship PP&E, valuation would be difficult, and matching costs with specific periods would not be meaningful. To demonstrate accountability for these assets, entities will report on their existence. Stewardship PP&E includes Heritage Assets and Stewardship Land.

1404 Roles and Responsibilities

Under Secretaries, Assistant Secretaries, Chief Financial Officers. Local Finance Offices, Chief Accountants and Other Key Officials are responsible for ensuring compliance with the policies set forth in this chapter. Responsibilities include the direction, implementation, and management of policy guidance and oversight of VA's financial management personnel, activities and operations as they relate to heritage assets and stewardship land.

Office of Management, Office of Asset Enterprise Management (OAEM) is responsible for managing VA's portfolio of capital assets, the Capital Asset Inventory (CAI) database, performance monitoring of the portfolio, real property management, disposal and reuse planning, real property data management, and on-going analysis of the portfolio.

Office of Management, Office of Financial Reporting (OFR) is responsible for updating heritage artifact information for the Agency Financial Report (AFR).

Office of Acquisitions, Logistics, and Construction (OALC), Office of Construction and Facilities Management (CFM), provides guidance on historic property preservation, maintains information about VA's programs to comply with Federal preservation requirements, and is responsible for development and management of heritage artifact classification, tracking and reporting for VA historic items under their History Office's control.

1405 Policies

140501 General Policies

- A. The Capital Asset Inventory (CAI) web application, maintained by the Office of Asset Enterprise Management (OAEM), serves as VA's data source for heritage asset classification.
- B. Annually OAEM will send out a notification to the Administrations and other key offices to review, update and confirm the CAI including heritage assets. See Appendix B for an example of the annual data call memorandum.
- C. Administration staff will continuously update the heritage related fields in CAI as needed and as assets and artifacts are added and disposed. Administration staff will consult Construction and Facilities Management (CFM) regarding updates to historic real property data elements.
- D. CFM will review requests to update the historic real property data elements in CAI confirming changes needed based on National Register of Historic Places (NRHP) criteria.
- E. Administration accounting officers will maintain appropriate documentation for audit and control purposes (e.g., documentation supporting the classification and quantification in physical units; proof of ownership; and how they relate to the agency mission).

140502 Recognition, Measurement, and Accounting

- A. In accordance with SFFAS 6, 29, and 59 VA will account for PP&E in categories that include General PP&E, Heritage Assets (both regular heritage assets and MUHA) and Stewardship Land.
- B. VA will recognize estimated acres of stewardship land under the predominant single use type among three general categories including:
 - Commercial use land;
 - Conservation and preservation land; and

- Operational land.
- C. VA will use the proper budget object class codes (BOC) to classify all obligations of funds for heritage asset transactions (not associated to the general PP&E costs of MUHA). See VA Financial Policy Volume XIII, Chapter 2, Budget Object Class Codes, for current codes.
- D. VA will recognize and record costs for heritage assets, MUHA and stewardship land as follows:
1. When Heritage Assets are used solely or predominantly for a heritage function, all costs of acquisition, improvement, reconstruction, or renovation are recognized as a general operating expense in the period incurred to bring the item to its current condition. Direct, indirect, and overhead costs will be recognized in the period incurred. Refer to SFFAS 6, paragraph 26, for examples of costs to be considered.
 - No amounts for heritage assets acquired through donation or devise (willed gift) should be recognized in the cost.
 - Transfers of heritage assets from one Federal entity to another do not affect the net cost of operations or net position of either entity since these assets were expensed upon acquisition.
 - If capitalized assets are transferred to an entity for retention as heritage assets, the transferring entity should recognize a transfer-out of capitalized assets (a negative other financing source). Refer also to SFFAS No. 7, paragraphs 74 and 346.
 2. MUHA assets are used predominantly for general government service. Refer to SFFAS 29, paragraph 18. The portion of the cost attributed to the general government operations will be capitalized as general PP&E if the capitalization threshold is met. The cost of acquisition, improvement, reconstruction, or renovation of MUHA should be considered when determining the amount to capitalize. The portion of the costs not capitalized as they are attributed to the heritage asset function will be treated as a heritage asset and expensed as described in the prior paragraph. Asset capitalization criteria is presented in VA Financial Policy Volume V, Chapter 9, General Property, Plant and Equipment. Refer to SFFAS 6, paragraphs 214 and 215.
 - In accordance with SFFAS 7, MUHA acquired through donation or devise should be recognized as general PP&E at the assets' fair value at the time received, and the amount should also be recognized as "non-exchange revenues."
 - Transfers of MUHA from one Federal entity to another are transfers of capitalized assets. The receiving entity should recognize a transfer-in as an additional financing source and the transferring entity should recognize a transfer-out. The value recorded should be the transferring entity's book value of the MUHA. If the receiving entity is not provided the book value, the MUHA

should be recorded at its estimated fair value. Refer to SFFAS 7, paragraph 74.

3. Stewardship Land and permanent land rights acquisition cost should be recognized as a general operating expense in the period in which the cost is incurred. The cost should include all costs to prepare stewardship land for its intended use (e.g., razing a building). Refer to SFFAS 29, paragraph 37 and SFFAS 59, paragraph 9.
 - No amounts for stewardship land acquired through donation or devise should be recognized in the cost of stewardship land. Refer to SFFAS 29, paragraph 38.
 - Transfers of stewardship land from one Federal entity to another does not affect the net cost of operations or net position of either entity since these assets were expensed upon acquisition. The transferring and recipient entities should properly adjust for estimated acres of land information. Refer to SFFAS 59, paragraph 8c. In some cases, land may be acquired along with existing buildings or other structures. Refer to SFFAS 29, paragraph 37. The following accounting treatment should apply:
 - If the structures associated with the acquired land would be deemed heritage assets and are significant in and of themselves, the entity should use its judgment as to whether an acquisition cost should be recognized as the cost of stewardship land, heritage asset, or both;
 - If the value of the structures is insignificant, and their acquisition is merely a byproduct of the acquisition of stewardship land, the cost in its entirety should be recognized as an acquisition of stewardship land; or
 - Significant structures that have an operating use (e.g., a constructed hotel or employee-housing block) should be treated/recognized as general PP&E by identifying the cost attributable to general PP&E and segregating it from the cost of the stewardship land acquired.

140503 Presentation and Disclosure in the Financial Statements

- A. VA will report and disclose heritage assets and stewardship land in the financial statements and related notes in accordance with OMB Circular A-136, and TFM, Volume 1, Part 2, Chapter 4700.
- B. VA will also comply with SFFAS 6, 29, 59, and TR 9 for stewardship PP&E reporting.
- C. In conformance with Generally Accepted Accounting Principles (GAAP), VA makes financial reporting assertions about heritage assets and stewardship land generally in five broad categories: existence, completeness, rights and obligations, valuation, and presentation and disclosure. Refer to TR 9, paragraph 22.

- D. As directed in OMB Circular A-136, VA will report heritage asset, stewardship land and land rights information in accordance with criteria in SFFAS 29, paragraphs 25-27, and SFFAS 59, paragraph 9 (which revised SFFAS 29 paragraph 40).
- E. OMB Circular A-136 note instruction regarding Stewardship PP&E suggests use of this statement, “Information concerning deferred maintenance and repairs and estimated land acreage is discussed in unaudited required supplementary information.” SFFAS 59 clarifies that required supplementary information will transition to note disclosure after FY25.
- F. VA should disclose MUHA that are recognized and presented with general PP&E in the basic financial statements and state that additional information for the MUHA is included with the heritage assets information. Refer to SFFAS 29, paragraph 27.
- G. VA may report some investments in heritage assets (e.g., national parks) as both heritage assets and stewardship land. Such reporting would not be considered duplication where the type of information reported for the physical unit is different for each category of stewardship asset. Refer to SFFAS 29, paragraph 17.

1406 Authorities and References

[Federal Accounting Standards Advisory Board \(FASAB\) Handbook by Chapter](#)

- Statement of Federal Financial Accounting Standards (SFFAS) 6, Accounting for Property, Plant, and Equipment;
- SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting;
- SFFAS 29, Heritage Assets and Stewardship Land;
- SFFAS 42, Deferred Maintenance and Repairs;
- SFFAS 59, Accounting and Reporting of Government Land;
- Technical Release 9: Implementation Guide for SFFAS 29.

[OMB Circulars](#), Circular No. A-136, Financial Reporting Requirements

[Treasury Financial Manual](#), Volume 1, Part 2, Chapter 4700, Federal Entity Reporting Requirements for the Financial Report of the United States Government

[36 C.F.R. Part 800 – Protection of Historic Properties](#)

[VA Capital Asset Inventory \(CAI\) web application](#) (VA intranet access only)

[VA Directive 7531, Acquisition of Artwork, Decorative Furnishings and Decorative Items](#) (VA intranet access only)

[VA Directive 7545, Cultural Resource Management](#) (VA intranet access only)

[VA Office of Construction & Facilities Management, Historic Preservation](#)

[VA Financial Policy](#), Volume XIII – Cost Accounting, Chapter 2 – Budget Object Class Codes

1407 Rescissions

Volume V, Chapter 14 – Heritage Assets and Stewardship Land, November 2021.

1408 Questions

Questions concerning these financial policies should be directed to the following points of contact:

VHA	VHA Financial Policy (Outlook)
VHA	VAFSC Nationwide Accounting (Outlook)
VBA	VAVBAWAS/CO/FINREP (Outlook)
VBA	VAVBAWAS/CO/OPERATIONS (Outlook)
NCA	NCA Finance Group (Outlook)
NCA	NCA Budget Service (Outlook)
All Others	OFP Accounting Policy (Outlook)

Appendix A: Prior Revisions

Section	Revision	Office	Reason for Change	Effective Date
Various	Hyperlinks are moved to Authorities and References section only; master library link is substituted for individual FASAB document links	OFP (047G)	Master links identify most recent document updates; policy formatting change	November 2021
140503D Presentation and Disclosure in the Financial Statement	Remove Required Supplementary Stewardship Information (RSSI) instruction.	047G	FASAB treatment changed from RSSI to basic information with SFFAS 57.	November 2021
1405 Policies	Updated various hyperlinks and formatting	OFP (047G)	Updated guidance	March 2020
1406 Authorities and References	Added reference to TR 9 and CFM Historic Preservation Removed reference to SFFAS 16	OFP (047G)	Updated guidance SFFAS 16 rescinded by SFFAS 29 par. 14 (July 2005)	March 2020
Various	Updated financial policy to align with iFAMS configuration	OFP (047G)	FMBT and iFAMS updates	March 2020
Various	Reformatted to new policy format and completed 5-year review	OFP (047G)	Reorganized chapter layout and changed policy chapter title from “Heritage Assets” to “Heritage Assets and Stewardship Land”	May 2018
1403 Definitions	Updated and added several definitions	OFP (047G)	Enhance reader understanding	May 2018

Section	Revision	Office	Reason for Change	Effective Date
1405 Policies	Added Stewardship Land policy information	OFP (047G)	Enhance reader understanding Previous policy did not include Stewardship Land	May 2018
Appendix A	Moved information from previous chapter appendix to the policy section and replaced with an example of a notification memorandum requesting an update and review capital asset inventory	OFP (047G)	Enhance reader understanding	May 2018
Appendix B	Removed	OFP (047G)	Provided the information in section 140503 Financial Reporting and Disclosure of Heritage Assets and Stewardship Land	May 2018

Appendix B: Example CAI and Disposal Plans Update Memo

**Department of
Veterans Affairs**

Memorandum

Date: August 20, 2021

From: Deputy Executive Director, Office of Asset Enterprise Management (044)

Subj: FY2021 Capital Asset Inventory and Disposal Plans Update

To: Director, VHA Office of Capital Asset Management (19HEFF), Director, Budget Service (42B), Chief, Capital and Performance Budgeting (42B1), Director, Office of Facilities, Access, and Administration (20M3), Director, Space and Renovations Service (03R), Director, IT Facility and Space Management (005F2B), Director, Administrative and Financial Operations Division (53D), Director, Budget and Procurement Division (026E), Director, Office of Real Property (003C1E), Director, Facilities Planning Development Service (003C2A), Director, Occupational Safety, Health, and GEMS Programs (HRA/OSP-006), Director, Environmental Programs Service (VHA-19HEF), Director, Franchise Fund (047F), Director, Logistics Operations (OALC-003)

1. The Capital Asset Inventory (CAI) is the authoritative data source for the Department of Veterans Affairs (VA) real property inventory, disposal plans and real property disposals. This annual call memorandum is issued to provide guidance on real property related data needs and to ensure that VA's CAI has been fully updated to meet national reporting requirements.
2. CAI data is used in many ways, including reporting and analysis for the Federal Real Property Council (FRPC), the General Services Administration (GSA), the Office of Management and Budget (OMB), the Government Accountability Office (GAO) and Congress, as well as for internal initiatives such as the Strategic Capital Investment Planning (SCIP) process and Monthly Performance Reporting (MPR) process. Having current, accurate and reliable real property data is crucial to meeting these internal and external demands.
3. VA requires that CAI be continuously updated throughout the year as actions that impact the real property portfolio are completed. This call memo provides specific guidance on actions necessary during the call period; however, it does not negate the requirement for continuous updates throughout the year.
4. This memo includes updated requirements for data entry in CAI (Attachment A), such clarification on agreement entry requirements, that must be reviewed to ensure all data is updated appropriately.

5. Please distribute this call memorandum to your facilities or office(s) responsible for maintaining real property inventory information, including facility personnel that perform the updates. The call memo has multiple attachments (“A” - “J”) that must be reviewed as they provide more detailed instructions and requirements for this call memorandum.
6. Point-in-time certification forms are attached to this call memorandum (attachments B and C) to be signed by Station Chief Engineers, Contracting Offices (for leases) and VISN CAMs or comparable VBA, NCA, OIT or Staff Office representatives, confirming that their CAI and disposal plan data is fully updated, concurring to Space Calculator Changes and affirming supporting documentation is being maintained
7. Please complete the requested CAI updates, including the disposal plans and return both (1) the revised Space Calculator spreadsheet if there are changes and (2) the signed certification forms no later than COB September 20, 2021. The space calculator spreadsheets and explanations must be submitted to Rishi Nagpal via email at Rishi.Nagpal@va.gov. The certification forms must be signed and emailed to both Sherrene Dugar at Sherrene.Dugar@va.gov and Michael Kelmachter at Michael.Kelmachter@va.gov.
8. If you have questions, please have a member of your staff contact Sherrene Dugar at (202) 577-8826 or Sherrene.Dugar@va.gov or Michael Kelmachter at (863) 512-3375 or Michael.Kelmachter@va.gov.

Questions related to CAI access should be addressed to VA CAI User Access mailbox (VACOCaiUserAccess@va.gov).

Marilyn D. Digitally signed by Marilyn D. Brower 3538480 Date: 2021.08.20 16:50:29 -0400
Brower 3538480
Marilyn Brower

Attachments: 10 Attachments